



**Office of Health Plan Administration**

P.O. Box 720724

Sacramento, CA 94229-0724

Telecommunications Device for the Deaf, TTY 1 (800) 795-2929; (916) 795-3240

(916) 795-2515; FAX (916) 795-4105

Toll Free: **888 CalPERS** or **888-225-7377**

May 15, 2007

**AGENDA ITEM 11**

**TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE**

- I. SUBJECT:** Disease Management
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** This is an information item.
- IV. ANALYSIS:**

Introduction

One of CalPERS objectives in managing all of our health plans has been to ensure that CalPERS health plans provide members with effective disease management programs that enable members with the most common chronic conditions to maximize their health. This agenda item presents staff's plan for obtaining standardized, high quality disease management measurements and reporting from each of our HMO health plans as part of a comprehensive health and lifestyle management model aimed at prompting members to engage in wellness and preventive care and/or appropriately manage their chronic conditions.

Background

Comprehensive disease management programs have become an integral component in well-managed, sustainable health care programs throughout the industry. Beginning with the 2002 health plan renewals, staff directed each of the HMO health plans to introduce (if they had not already done so) targeted disease management programs to address the most prevalent chronic conditions in our member population.

In each of the ensuing years, staff included disease management reporting requirements in each plan's contracts.<sup>1</sup> Staff has developed a comprehensive reporting and monitoring process for the five most common and costly chronic diseases it has asked the plans to manage: diabetes, coronary artery disease (CAD), congestive heart failure (CHF), asthma and chronic obstructive

---

<sup>1</sup> Current reporting by the HMO plans for disease management varies in accordance with each plan's methods for capturing and reporting data.

pulmonary disorder (COPD). HMO plans currently provide varied reporting which includes prevalence, severity levels, HEDIS measures, program activity, and utilization measures.

#### Discussion

As part of our new health and lifestyle management initiative, staff is moving forward to require a standard framework for disease management, including consistent measures and reporting across all plans. These measures will include HEDIS measures, as well as several additional measures that will enable staff to determine member engagement and participation, and utilization for each health plan.

Initially, staff will apply this standard framework to diabetes with the intent of adding another disease state every two months. The disease states we are interested in standardizing include: CAD, CHF, asthma, COPD, depression, obesity and musculoskeletal problems, among others as we continue to study the primary cost drivers within our population.

Staff also intends to expand the number of measures on which the health plans report. As we gather this standardized data, staff will review the information, benchmark our plans against each other and best results being achieved in the industry, and meet with our plans, as appropriate, to discuss any needed performance improvement.

Staff will report the emerging results of this initiative to the Committee at future meetings over the course of this year. Our objective is to demonstrate that our members are receiving effective and consistent disease management, in a model that comes to be identified with CalPERS, regardless of a member's choice of health plan.

#### **V. STRATEGIC GOAL:**

This item supports Goals X and XI of the strategic plan which state:

- "Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers" and
- "Promote the ability of members and employers to make informed decisions resulting in improved lifestyle choices and health outcomes".

#### **VI. RESULTS/COSTS:**

We do not expect this initiative to generate any additional costs for CalPERS. The health plans are already gathering much of the information we are requesting as part of this enhanced reporting and monitoring initiative and have not indicated that they will charge CalPERS any additional costs as a result of the initiative.

Staff will document specific requirements for this initiative in the rate agreements as part of the 2008 rate renewals. Staff will report results of this initiative to the Committee on a periodic basis, as available.

---

Marcine Elvin Crane, Jr., MS, CPA  
Chief, Office of Health Plan Administration

---

Gregory A. Franklin  
Assistant Executive Officer  
Health Benefits Branch